

WASHINGTON (July 13) - Congressman Spencer Bachus (AL-6), Chairman of the House Financial Services Committee, made the following statement during today's hearing on the Federal Reserve's monetary policy report to the Congress.

"Chairman Bernanke, welcome back to the Committee.

"Thank you for your service to our country during these challenging times."

"America is confronted with many challenges, not least of which is a Crisis of Confidence. For the first time in the history of our country, the majority of Americans no longer believe that their children will be better off than they are. One great challenge is to preserve the American spirit of individual initiative and responsibility – what was once called 'the American can-do spirit.

"That uncertainty and lack of confidence are at the center of the failure of our economy to achieve a robust recovery with the job creation necessary to support the continued improvement in our citizens' lives that we have come to expect."

"The origin of this crisis of confidence is debatable. The Great Recession and its legacy of job losses and home foreclosures is a contributing factor. But in my opinion seeds of this lack of confidence were first sewn in the well-intentioned programs of the 1930's and of the Lyndon Johnson Great Society."

"I commend to you and my colleagues an article by Thomas Donlan in *Barron's* on June 25. In that article Donlan describes the historical underpinnings of the entitlement philosophy that has brought our budget to what you have called an 'unsustainable path.' President Johnson is quoted as saying 'people are entitled to an unlimited amount of medical benefits.' That is, perhaps, an admirable sentiment but it has proven to be unaffordable. You have said that if federal entitlement programs and the deficit spending they cause are not put on a sustainable path 'things will come apart.' I fear we are at that point.

"Chairman Bernanke, I would like to quote from testimony you gave back in February 2007 to the House Budget Committee: 'Because of demographic changes and rising medical costs, federal expenditures for entitlement programs are projected to rise sharply over the next few decades. Dealing with the resulting fiscal strains will pose difficult choices for the Congress, the administration and the American people. However, if early and meaningful action is not taken, the U.S. economy could be seriously weakened, with future generations bearing much of the cost.'

"More than four years after you issued this warning, *nothing* has been done to address the runaway costs in entitlement spending, and Democrats in Congress have been steadfast in their opposition to the kinds of meaningful changes that would be needed to put these programs on a more sustainable financial footing. We have reached 'zero hour' when it comes to the need to address entitlement spending.

"Harry Truman is quoted as saying, 'the buck stops here.' Well, Chairman Bernanke, when it comes to confronting the debt and deficit, the buck stops with the President and the Congress. And as long as we ignore the problem and refuse to make the long-term structural changes in entitlement programs, the U.S. economy will continue to weaken, confidence will not be restored, and we, more profoundly, our children and grandchildren will bear the cost.

"Chairman Bernanke, thank you for being here today and for your dedicated service to our country. We look forward to your testimony."